

Message Text

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ACTION EUR-12

INFO OCT-01 ISO-00 PM-05 MCE-00 SS-15 NSC-05 SP-02
L-03 EB-08 COME-00 OMB-01 TRSE-00 ACDA-12 CIAE-00
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FM AMEMBASSY BELGRADE
TO SECSTATE WASHDC PRIORITY 5937
SECDEF WASHDC PRIORITY

C O N F I D E N T I A L BELGRADE 2340

DEPT OF STATE FOR ASSISTANT SECRETARY VEST AND PM DIRECTOR GELB;
SECDEF FOR DOD/ISA MCGIFFERT

E.O. 11652: GDS
TAGS: MASS, ESTC, YO
SUBJECT: MUNITIONS CONTROL: SALE OF MILITARY COMMUNICATIONS
SYSTEM TO YUGOSLAVIA

REF: A) BELGRADE 1139, B) STATE 44678

1. REPRESENTATIVE OF COLLINS RADIO HAS ONCE AGAIN CONTACTED
EMBASSY WITH FURTHER REGARD TO EXPORT LICENSE CASE GC2129A
FOR SALE OF TSC-60-V2 TRANSPORTABLE HF COMMUNICATIONS SYSTEM
TO YUGOSLAVIA. HE STATED THAT COLLINS VERY PLEASED TO HAVE
RECEIVED FAVORABLE ADVISORY OPINION FROM OFFICE OF MUNITIONS
CONTROL (OMC) TO EFFECT THAT THERE IS NO OBJECTION IN PRINCIPLE
TO PROPOSED EXPORT. HOWEVER, HE NOTED THAT ADVISORY OPINION
IS SUBJECT TO SEVERAL CONDITIONS REGARDING TECHNICAL
MODIFICATIONS WHICH, IF IMPLEMENTED, WOULD REDUCE CAPABILITIES
OF EQUIPMENT TO POINT WHERE SYSTEM WOULD NO LONGER BE
ATTRACTIVE TO YUGOSLAV PURCHASER.

2. COLLINS REP EXPLAINED THAT CONDITIONS IN ADVISORY OPINION
ARE LISTED IN THREE CATEGORIES.

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A. FIRST, REQUIRING THAT NO REFERENCE TO OR INFORMATION
CONCERNING U.S. COMSEC EQUIPMENT BE RELEASED, IS NO PROBLEM
FOR COLLINS.

B. SECOND, REGARDING CHANGES IN RECEIVER, PRESENTS MAJOR
DIFFICULTY. WHILE CHANGE IN AGC RAISES NO PROBLEM EXCEPT FOR

INCREASED COST TO COLLINS, OTHER THREE CHANGES REQUESTED WOULD SERIOUSLY AFFECT SYSTEM'S CAPABILITIES. SPECIFICALLY, CHANGE IN DIFFERENTIAL DELAY WOULD DIRECTLY AFFECT ABILITY OF RADIO TO SEND HIGH-SPEED TELETYPE; CHANGE IN PHASE JITTER WOULD VIRTUALLY DESTROY HIGH-SPEED TELETYPE CAPABILITY; AND REMOVAL OF 16 TONE MODEM (SAID TO BE 15-YEAR OLD TECHNOLOGY) WOULD REDUC ENTIRE SYSTEM TO LEVEL OF "AMATEUR GEAR".

C. THIRD, REGARDING CHANGES IN TRANSMITTERS IS ALSO VIEWED AS SERIOUSLY IMPAIRING SYSTEM'S CAPABILITIES.

3. ACCORDING TO COLLINS REP, COMPANY BELIVES THAT IMPACT OF CONDITIONS LAID DOWN IN ADVISORY OPINION IS VERY SEVERE. COSTS TO COLLINS WOULD ESCALATE BY AT LEAST THREE TIMES, BUT MORE IMPORTANTLY, CAPABILITY AND PERFORMANCE OF SYSTEM WOULD BE SO GREATLY REDUCED THAT YUGOSLAVS WOULD PROBABLY NOT ACCEPT EQUIPMENT AND LIKELY TURN TO WEST EUROPEAN SUPPLIER FOR PROCUREMENT. COLLINS BELIEVES THAT IT NOW HAS COMPETITIVE EDGE, AND FEELS IT HAS EXCELLENT RELATIONSHIP WITH YUGOSLAV MILITARY, WHICH HAS ALREADY PURCHASED CONSIDERABLE COLLINS EQUIPMENT INCLUDING SOME RADIOS OF TYPE WHICH WOULD BE IN TSC-60 SYSTEM. COMPANY HAS INFORMED YUGOSLAVS THAT EXPORT ADVISORY OPINION WAS FAVORABLE BUT THAT SEVERAL TECHNICAL OBJECTIONS PREVENT SUBMISSION OF FORMAL PROPOSAL AT THIS TIME, ALTHOUGH THEY HOPE TO BE IN POSITION TO DO SO SOON. IN THE MEANTIME, COLLINS WILL TRY TO OBTAIN FROM YUGOSLAVS MORE CONFIDENTIAL

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DETAILED END-USE STATEMENT WHICH IT WOULD SUBMIT TO OMC WITH REQUEST FOR RECONSIDERATION OF CONDITIONS IN ADVISORY OPINION.

4. WE INFORMED COLLINS REP THAT WE WOULD TRANSMIT INFORMATION HE PROVIDED TO WASHINGTON BUT RECOMMENDED TO HIM THAT COMPANY OFFICIALS PRESENT ALL RELEVANT MATERIAL SUPPORTING THEIR EFFORTS TO MODIFY OR ELIMINATE CONDITIONS IN ADVISORY OPINION TO APPROPRIATE OFFICES AT STATE AND DOD ASAP. ON BASIS INFORMATION AVAILABLE TO US, INCLUDING CATALOGUES SUPPLIED BY COLLINS REP WHICH SHOW THAT MAJOR COMPONENTS OF TSC-60 SYSTEM ARE NOT LATEST STATE OF THE ART AND, INDEED, IN SOME CASES COMPRISE 10 TO 15 YEAR OLD TECHNOLOGY, WE WOULD SUPPORT COLLINS REQUEST FOR RECONSIDERATION OF ADVISORY OPINION CONDITIONS. OTHERWISE, IT WOULD APPEAR THAT CAPABILITY AND PERFORMANCE OF SYSTEM WILL BE REDUCED TO POINT WHERE YUGOSLAVS NO LONGER INTERESTED, AND THIS IMPORTANT SALE (VALUED AT UP TO 10 MILLION DOLLARS) WILL BE LOST TO WEST EUROPEAN SUPPLIER TO DETRIMENT OF OUR OWN POLITICAL AND ECONOMIC INTERESTS.
EAGLEBURGER

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Message Attributes

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